

<p style="text-align: center;"><b>Sofia Memorandum</b> <b>Measuring progress, well-being and sustainable development</b></p>
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The 96th conference of the Directors General of the National Statistical Institutes (DGINS) was held on 30th September 2010 in Sofia, Bulgaria. The Prime Minister of the Republic of Bulgaria, Mr Boyko Borissov, the President of the Rheinisch-Westfälisches Institut für Wirtschaftsforschung and the Chairman of the Council of Economic Analysis for the French Prime Minister reported on the growing societal and political demand to measure progress, well-being and sustainable development in a more comprehensive way. The conference concluded with the following memorandum at its meeting:

**Considering that:**

- sustainable development and well-being are fundamental objectives of the “Treaty on European Union” (article 3);
- there is a growing societal and political demand to measure progress, well-being and sustainable development in a more comprehensive way; the importance and urgency of this demand is demonstrated by recent European initiatives and the general need to embrace better the complexity of societal development by going beyond the measurement of conventional economic growth;
- with the Communication “GDP and Beyond: Measuring progress in a changing world”, the European Commission committed itself to work in several areas to improve existing measures and to report on the implementation and outcomes of the actions put forward in the Communication by 2012;
- the Report of the Commission on the Measurement of Economic Performance and Social Progress (CMEPSP), the so called “Stiglitz-Sen-Fitoussi Report” (SSF), has provided a well articulated body of recommendations on how to improve the measurement of well-being;
- the newly developed “Europe 2020” strategy adopted by the heads of States and Governments defines measurable targets for several indicators that go beyond GDP and the Commission has proposed a surveillance mechanism for these indicators;
- in the short term, the policy concerns which are focused on the exit strategy from the recent financial and economic crisis also require indicators to be used in the macro economic surveillance;
- the statistical programme of the European Statistical System (ESS) currently provides a good basis for meeting the challenges although some adaptations and developments will be required;
- the ESS has decided to pursue the project through a Sponsorship<sup>1</sup> on “measuring progress, well-being and sustainable development”, which is currently working on various topics (such as household perspective and distributional aspects of income, consumption and wealth, environmental sustainability and multidimensional measures of quality of life);
- the joint strategy of the ESS on the production methods of EU statistics will provide better conditions to answer to the new requirements for statistics.

**The DGINS Conference:**

- reconfirmed the commitment of the members of the ESS to the Sponsorship and underlined that the ESS, with its legal framework, Code of Practice and current quality assurance framework, will ensure that the existing and new measures will continue to be based on relevant and reliable data as well as on transparent and recognised data production methods;
- agreed on making, in the short term, more effective use of available statistical data and on developing, in the longer term, statistics that will take better account of the complexity of our societies in meeting users’ needs;
- recognised that the reference framework emerging from the SSF Report, enhanced by those developed by other international organisations and national initiatives, represents a good starting point for further developments to be carried out by the Sponsorship Group;

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<sup>1</sup> Sponsorship: Group of members of the ESS cooperating under the leadership of the Director Generals of Eurostat and members states in order to assume responsibilities for horizontal issues of importance for the ESS.

- concluded that such a framework should be responsive to current and future European needs and be coherent with global aspects of the topic, while taking into account the use of the indicators in policy making.

#### **The DGINS Conference in particular:**

- recognised that there is a strong need to: reconcile National Accounts aggregates with household survey data, capture better the distributional aspects in our societies, measure in a more precise way household income levels and growth across Europe, improve household budget and time-use data as well as prepare balance sheet accounts for private households;
- recognised that the richness of the current data is not fully exploited and that there should be a better presentation from a household perspective;
- underlined that the global impact of environment issues calls for harmonized data that permit country to country comparisons, stressed the importance of measuring environmental pressures from the consumption perspective and acknowledged the methodological and practical limitations of methods for valuating natural capital;
- concluded in regard to environmental sustainability that the definition of a set of recommendations that gives guidance for the coherent development of environmental accounts and sustainable development indicators across EU Member States was required;
- recognised the importance of high quality data about people's quality of life, based on an approach which encompasses the economic, social and environmental dimensions covering objective and subjective conditions;
- recognised that the timeliness, comparability and coverage of various dimensions of quality of life statistics need to be improved and that, for comparison purposes at European level, the European survey on income and living conditions (EU-SILC) should be developed as a core instrument for measuring quality of life dimensions not already covered by other statistical sources;
- recognised that several other data sources (e.g. Labour Force Survey, Household Budget Survey, Time Use Survey) are available at ESS level and committed itself to make better use of their complementarities with EU-SILC in order to provide a comprehensive system to measure different dimensions of quality of life; the increasing use of administrative data was also recognised in this regard.

#### **In order to move forward, the DGINS Conference:**

- concluded that the issue of “Measuring progress, well-being and sustainable development” is key to official statistics and thus needs to be addressed at ESSC level in good cooperation with the international partners (like the OECD and UNECE);
- asked the Sponsorship on “measuring progress, well-being and sustainable development” to follow the timetable stated in its mandate and to report by summer 2011;
- called upon the Sponsorship to develop concrete proposals to be implemented in the framework of the 2013-2017 statistical programme of the European Statistical System and underlined to the ESS the need to reprioritise the statistical programme to reflect the importance of implementing the proposals;
- encouraged all members of the ESS to foster, in collaboration with users, democratic and evidence-based decision-making by communicating in a more effective way existing data and analysis;
- underlined the need to ensure that, notwithstanding the current budgetary constraints due to the economic crisis, the outcomes of the work of the sponsorship can be undertaken with sufficient resources on a sustainable basis.